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DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON, D.C. 20350

IN REPLY REFER TO
OPNAVINST 7040.6A
Op-922

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OPNAV INSTRUCTION 7040.6A

Subj: Program and budget support for the Naval Reserve

Ref: (a) Title 10, U.S.C., Chapter 519, Section 5251(b)
(b) OPNAVINST 4423.3B
(c) SECNAVINST 7040.11A
(d) OPNAVINST 1001.15
(e) OPNAVINST 1001.17

Encl: (1) Equipment Distribution Plan Format

1. Purpose. To promulgate policy and procedures in regard to program and budget support for the Naval Reserve.

2. Cancellation. OPNAVINST 7040.6 is cancelled.

3. Background

a. Since 1946, the Department of the Navy has operated under a total force policy in which the Naval Reserve is considered an integral part of the Navy total force. This policy was enacted into law by reference (a), which provides that, "The bureaus and offices of the executive part of the Department of the Navy have the same relation and responsibility to the Navy Reserve as they do to the Regular Navy." The operation, administration, and training of the Naval Reserve shall be integrated within the Regular naval establishment so that all bureaus and offices of the Department of the Navy, all commands and units of the operating forces, and all shore activities of the naval establishment shall perform their assigned tasks and functions in connection with the Naval Reserve in the same manner as is provided for the Regular Navy.

b. Complete integration of Naval Reserve capabilities into the Regular naval establishment requires that Naval Reserve personnel, equipment, facilities, and other general logistic support be comparable to that of the active forces. In addition to the need for integration of Naval Reserve capability and readiness is the need to provide recognition and visibility of the Naval Reserve, so that the Secretary of the Navy and the Chief of Naval Operations can fully discharge their statutory responsibilities. In order to properly discharge those responsibilities, the Secretary of the Navy and the

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Chief of Naval Operations must be kept apprised of the status of Naval Reserve requirements, resources, and readiness.

- c. In support of the above concept, it is important that the Naval Reserve be actively represented throughout the entire Planning, Programming, and Budgeting System (PPBS) process. To provide for such representation, reference (b) assigns responsibilities for equipping and supporting the Naval Reserve with new and/or combat serviceable equipment. Reference (c) implements DOD policy in regard to programming, budgeting, funds control, and resource distribution procedures in support of Navy and Marine Reserve forces.

4. Responsibilities

- R) a. The Director of Naval Reserve (Op-09R) is directly responsible to the CNC for Reserve affairs, and is designated the focal point within the OPNAV organization for all Reserve matters, with the exception of mobilization planning. He serves as appropriation sponsor for the Reserve Personnel, Navy (RPN); Operation and Maintenance, Naval Reserve (O&MNR); and Military Construction Naval Reserve (MCNR) appropriations. He acts as military manpower sponsor for the Chief of Naval Reserve. He reviews actions being considered in POM development which affect the Naval Reserve, comments on the capability of the Reserve program to accomplish additional tasks or new missions, and recommends initiatives for accomplishment in the Naval Reserve. He also considers the effect of proposed reductions on the Reserve program. He is responsible for the presentation of the total Naval Reserve program to higher reviewing authority and to the Congress. To insure that Reserve requirements are addressed throughout Navy force level determinations, the Director of Naval Reserve shall formally participate in the CEB on all matters affecting the Naval Reserve, and in all matters with a potential Reserve impact. He shall maintain close and continuous liaison with DCNOs, DMSOs, major claimants, systems commanders, other appropriation, mission, program, and program element sponsors, the Director of the General Planning and Programming Division, and the Director of the Fiscal Management Division to ensure that the valid needs of the Naval Reserve are identified and accommodated, consistent with the total requirements of the Navy.
- R) b. The Deputy Chief of Naval Operations (Plans, Policy, and Operations) (OP-06) has primary responsibility for mobilization planning, and shall assure that the Naval Reserve is included in the development of the Navy total force structure.

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The development of such requirements shall include an annual evaluation of the active and reserve force mix, considering current policy and planning guidance.

c. The Deputy Chief of Naval Operations for Submarine Warfare (Op-02), Surface Warfare (Op-03), Logistics (Op-04), and Air Warfare (Op-05) shall program adequate resources and establish necessary priorities to achieve Naval Reserve readiness levels required in the submarine, surface, logistic and air support areas, respectively. They shall maintain close liaison with the fleet commanders in chief, the CHNAVMAT, and the Director of Naval Reserve. (R)

d. The Commander in Chief, U.S. Atlantic Fleet, Commander in Chief, U.S. Pacific Fleet, and the Commander in Chief, U.S. Naval Forces, Europe shall be responsible for development of plans and policies which include complete integration of Naval Reserve forces as part of the Navy total force. This includes compatibility of equipment, standardization of operating procedures, and standardization of readiness assessment, and determination of activities required upon mobilization. In addition, they shall be responsible for the outfitting, readiness, and utilization of assigned Naval Reserve Force ships.

e. All OPNAV DCNO's and Directors of Major Staff Offices (DMSO's) shall ensure that the Director of Naval Reserve and cognizant program sponsors are provided timely information concerning major decisions which may affect the Naval Reserve or Naval Reserve resources. This information is to include, but is not limited to, POM policies and decisions, claimant and field program and budget submissions, budget preparation and review, apportionment, and proposed reprogramming actions. (R)

f. The Director of Navy Program Planning (Op-090) in collaboration with force, appropriation, and program sponsors, shall ensure that Naval Reserve requirements are programmed to the optimum extent feasible, consistent with total Navy requirements and within overall fiscal and policy guidelines established by the CNO. (R)

g. The Director of Office of Budget and Reports/Fiscal Management Division (NCB/OP-92) possesses all financial responsibility including financial control and jurisdiction, under the blanket allocation procedures for all allocations of funds made available to the Chief of Naval Operations. This financial responsibility encompasses all Navy appropriations,

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or portion thereof, for which the Chief of Naval Operations is designated as responsible or administering office. NCB/OP-92 will coordinate all budgetary and financial actions affecting Reserve appropriations with the Office of the Director of Naval Reserve.

h. Reserve Cognizant Officers (RESCOGS), pursuant to the provisions of reference (d), RESCOGS will be assigned to those offices of the DCNO's and DMSO's, the Naval Material Command (NAVMAT), and the bureaus which are principally concerned with Reserve matters. RESCOGS shall:

(1) Advise the DCNO, DMSO, division director, or NAVMAT office concerned on reserve programs, resources, and requirements to meet CNO guidance on the Reserve component and support.

(2) Ensure that directives concerning the Naval Reserve are compatible with approved policies and programs.

(3) Under the guidance of the DCNO, DMSO, division director, or NAVMAT office concerned, maintain liaison with other offices, bureaus, and commands of the Navy in matters affecting Naval Reserve policy and planning and their implementation.

(4) Advise the DCNO, DMSO, division director, or NAVMAT office concerned when proposed actions affect the Naval Reserve or may be of interest to the Director, Naval Reserve.

(5) When appropriate, perform detailed day-to-day functions associated with Naval Reserve budget activities and program sponsorship responsibilities, under the guidance of the DCNO, DMSO, division director, or NAVMAT office concerned.

(6) Where appropriate, attend meetings and budget hearings in which Naval Reserve matters are discussed, and ensure that responsible offices are kept informed of Naval Reserve matters under their cognizance.

5. Procedures. In order to fully integrate Naval Reserve considerations into the PPBS cycle, the following procedures will be followed:

- a. Planning. The objective force levels which include active, reserve, friendly, and allied forces to support the military strategy are initially established in Volume II of the JSOP. The Director, Naval Reserve will be kept apprised of matters which relate to the Naval Reserve Force, and participate in those deliberations and hearings which deal with Naval Reserve matters.

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b. Programming

(1) CNO guidance for Program Objectives Memorandum (POM) development and review will include guidance for major mission and support category and program sponsors to identify Naval Reserve component requirements. The Director of Naval Reserve will be represented on the POM working group. The POM submission will separately identify Naval Reserve Force and supporting assets, and will include: (R)

a. Numbers and types of Naval Reserve Force units: (A both ships and aircraft.

b. Dollars by program element, appropriation and, (A where appropriate, by budget activity.

c. A summary section, discussing and tabulating (A the total Naval Reserve Program.

d. Additional data which may be required by higher (A authority.

(2) Naval Reserve support is identified separately in (A the Reserve Personnel, Navy (RPN), the Operation and Maintenance, Naval Reserve (O&MNR, and Military Construction, Naval Reserve (MCNR) appropriations and under line items in the Other Procurement, Navy (OPN) and Aircraft Procurement, Navy (APN) appropriations. As additional elements of Naval Reserve support are identified within Navy programs, they should, where applicable, be transferred to Program 5 of the Department of the Navy Five Year Program (DNFYP).

(3) Program 5 elements have been realigned to conform with the requirements of those active force program elements they support. The resulting alignment will facilitate comparison of specific Program 5 elements with elements of other programs.

c. Budgeting. The annual budget reflects visibility which has been provided for in the POM submission and is the culmination (D of the PPBS cycle. To ensure that Naval Reserve requirements are properly accommodated during this phase of the PPBS evolution, the following actions will be taken:

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- R) (1) Budget formulation. Naval Reserve budgets, and budget items included in regular Navy budgets, will be submitted by cognizant major claimants and appropriation (and appropriation subdivision) administrators to the cognizant responsible office in response to the annual budget call. A copy of budget submissions pertinent to the Naval Reserve will be addressed to the Director of Naval Reserve (Op-09R). In the budget submission, funds to support depot maintenance for overhaul of equipments identified for issue (in the budget year) to the Naval and Marine Corps Reserve will be separately identified in the Operation and Maintenance, Navy appropriation; funds to support maintenance and overhaul of equipment in the hands of Naval and Marine Corps Reserve will be included in the O&M,NR/O&MMCR Appropriations. P-1 line items and related funding in support of the Naval Reserve shall be identified in all procurement appropriations and displayed separately in the P-1R exhibit. Equipments which are to be distributed to the Naval Reserve will be handled as indicated in paragraph 5d below. Budget formulation will be coordinated with applicable program sponsors and the Director of Naval Reserve, to ensure compatibility with program decisions.
- R) (2) Budget justification. The Director of Naval Reserve will be the principal witness for RPN, O&MNR, and MCNR appropriation hearings and assist and support other appropriation and program sponsors during hearings and testimony before NAVCOMPT, OSD, OMB, and the Congress, to ensure that Naval Reserve considerations are properly addressed.
- R) (3) Budget execution. To ensure that Naval Reserve programs are not prejudiced, resources once appropriated by Congress may not be reprogrammed from an identified Naval Reserve Program without the personal approval of the Secretary of Defense. Such reprogramming requests will be submitted through normal financial management channels, and the Director of Naval Reserve, to the Director of Budget and Reports/Fiscal Management Division, for further action. The Director of Naval Reserve will monitor program and budget execution against plan and the allocation and reallocation of funds identified for support of the Naval Reserve on the basis of established priorities and make recommendations for adjustments, as appropriate. In order to assist the Director of Naval Reserve in monitoring program and budget execution, he will be provided (by Op-92) routine obligation and expenditure reports for those appropriations for which he serves as appropriation sponsor, the quarterly Equipment Distribution Plan will be provided to the Director of Naval Reserve to provide progress visibility of reserve programs in the procurement accounts.

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d. Equipment distribution procedures(1) Equipment Distribution Plan

(a) Not later than the 15th day of the month following the end of each quarter, the Chief of Naval Material will forward an Equipment Distribution Plan, in the format of enclosure (1) to the Chief of Naval Operations for further processing. Like information concerning Navy equipments which are to be distributed to the Marine Corps Reserve will be provided to the Commandant of the Marine Corps (Division of Reserve) for inclusion in the Marine Corps distribution plan. R)

(b) The plan shall include actual and planned distribution of new items budgeted for procurement and those items which are planned to be redistributed from the regular to the reserve forces.

(c) Items to be listed in the Equipment Distribution Plan are those identified in the P-1R exhibit or redistributed items meeting the criteria for a P-1 item, as set forth in the Budget Submissions Manual.

(d) New equipments to be distributed will be based on the quantities of budgeted reserve equipments reflected in the latest procurement budget submission (i.e., OSD, Congressional, or Apportionment).

(e) Once the budget has been submitted to the Congress, there will be no changes to proposed distributions in excess of two per cent of the total value of equipment to be distributed to the Reserves (in any appropriation, or 10 per cent of the value of a single line item shown in the Distribution Plan, for the budget year) without the personal approval of the Secretary of Defense.

(f) Proposed changes which exceed the above thresholds will be submitted through normal financial management channels and the Director of Naval Reserve, to the Director of Budget and Reports/Fiscal Management Division, for further action.

(g) The current fiscal year will reflect actual and planned distribution on a quarterly basis. Planned distribution for the budget year and two additional out-years (if applicable) will be on a total fiscal year basis.

(h) Distribution data for ships, aircraft, and material to be distributed from Prepositioned War Reserve Stock (PWRS) will be added by CNO.

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6. Report. The Equipment Distribution Plan is assigned symbol:
DD-M(Q)1140(7040).



Donald C. DAVIS
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Navy Program Planning

Distribution:

SNDL

A4A (CHNAVMAT)
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21A (Fleet Commanders in Chief)
FD1 (OCEANAV)
FE1 (COMNAVSECGRU)
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Ops-09R, 090, 094, 095, 097, 098, 099, 01, 02, 03, 04, 05, and 06

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